

Telecommunications

Emerging MVNOs Capitalising On Niche Market Segments

Highlights

- China Mobile, through CMLINK, has made its official debut in the Malaysian telco market as an MVNO. It leverages on Maxis' nationwide 4G and 5G network to deliver voice and data services. It targets students and working professionals with cross-border mobility between China and Malaysia, supported by incremental demand from a rebound in inter-country tourism.
- We expect incoming MVNOs to pressure the prepaid segment while incumbents CelcomDigi and Maxis pull away by focusing on pre-to-postpaid conversion via bundling efforts.
- Maintain MARKET WEIGHT. The sector currently trades at its mean valuation of 7x EV/EBITDA. Top picks: Axiata and CelcomDigi.

Analysis

- China Mobile establishing a presence in the Malaysian telco sector.** China Mobile, through its international brand CMLINK, has made its official debut in Malaysia as a new mobile virtual network operator (MVNO). This comes following its partnership announcement with Maxis to leverage the company's nationwide 4G and 5G network for voice and data services, back in Aug 25.
- Prepaid plans inclusive of roaming and IDD.** CMLINK currently provides a suite of four prepaid plans ranging from RM25-100/month, with incremental Mainland China roaming data and international direct dialling (IDD) minutes in tandem with price tiers increase. This positioning represents a potential prepaid market disruptor, as existing prepaid plans with bundled roaming offering (currently only offered by Eastel and Hotlink at RM50-55/month) are largely limited to regional destinations including Singapore, Thailand, and Indonesia. In comparison, most mobile operators continue to monetise international roaming data and IDD services through add-on travel passes, resulting in seasonality-driven spikes in average revenue per user.
- Niche positioning centred on frequent China-Malaysia travellers.** CMLINK primarily targets students and working professionals with cross-border mobility across China, Hong Kong, and Malaysia, while benefitting from potential incremental demand driven by a rebound in inter-country tourism. This positioning is reinforced by its differentiated "One Card, Multiple Numbers" service, which allows users to link their existing Mainland China or Hong Kong mobile numbers to a CMLINK Malaysian line at RM5/month. This offering eliminates the need to manage multiple SIM cards, allowing users to stay reachable on both numbers while maintaining seamless access to essential digital and communication services that require local phone numbers in each country.
- Intensifying competition within the prepaid market.** We believe the entry of more MVNOs will lead to intensifying prepaid market competition – while incumbent MNOs (namely, CelcomDigi and Maxis) pull away from the prepaid market by focusing on pre-to-postpaid bundling efforts. We project a marginal 2026 sector earnings growth of 1%, driven by: a) intense prepaid competition with unlimited data and roaming offerings, b) gradual network expansion for TM and TIME (primary focus on single dwelling offerings), and c) continued pre-to-postpaid migration and home fibre convergence.

Peer Comparison

Company	Ticker	Rec	Price	Target	Market	PE		EV/EBITDA		Dividend Yield	
			3 Apr 26 (RM)	Price (RM)		2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)
Axiata Group	AXIATA MK	BUY	2.25	3.00	20,673	47.0	32.1	6.2	5.9	4.4	4.4
CelcomDigi	CDB MK	BUY	3.04	4.05	35,664	20.7	19.0	8.6	8.2	5.0	5.5
Maxis	MAXIS MK	HOLD	3.55	4.20	27,815	20.0	18.9	8.5	8.4	4.4	4.7
Telekom Malaysia	T MK	HOLD	7.28	7.50	27,939	17.8	15.4	6.6	6.0	3.8	4.4
TIME dotCom	TDC MK	HOLD	5.93	6.50	10,963	20.9	19.1	13.2	12.8	5.2	5.5

Source: Bloomberg, UOB Kay Hian

MARKET WEIGHT (Maintained)

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Sector Picks

Company	Rec	Target Price (RM)	EV/EBITDA A(x)	Div Yield (%)
Axiata	BUY	3.00	6.2	4.4
CelcomDigi	BUY	4.05	8.6	5.0

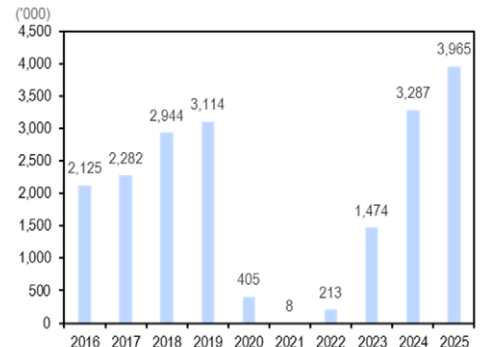
Source: UOB Kay Hian

Sector's 12-Month EV/EBITDA



Source: Bloomberg, UOB Kay Hian

Annual Arriving Travellers From China



Source: CEIC, UOB Kay Hian

Valuation/Recommendation

- Maintain MARKET WEIGHT.** We expect the sector to exhibit stable operating parameters in the near term. Good cost discipline and relatively benign capex intensity will drive the sector to deliver an average dividend yield of 4.6%. We maintain our MARKET WEIGHT call on the sector as we believe the exit of MOF Inc from DNB may dampen valuation should the matter continue to drag on. The sector currently trades at a 2026 mean EV/EBITDA of 7x. Top picks are Axiata and CelcomDigi.
- Key risks to our investment thesis** include: a) earnings erosion for fixed-line operators due to stiff competition, b) lower-than-expected synergistic savings from the CelcomDigi merger exercise, and c) economic downturn which will lead to shrinking customer wallets and service revenue for the sector.
- Eastel: Another emerging market disruptor?** Eastel, a new MVNO under Anchor Communications, made its market debut in 1Q26. The incoming MVNO has signed a five-year wholesale access agreement to patron UMobile's next-generation 5G infrastructure and 4G network for data, voice and SMS (including IDD, roaming and mobile number portability services). Eastel aims to capture opportunities within Malaysia's gig and creator economy by providing tailored, high-performance connectivity solutions that support niche, data-intensive applications for this growing community.

Eastel Prepaid Plans

EZ15	EZ35	EZ50	EZ68	EZ98
RM15 30 Days Validity	RM35 30 Days Validity	RM50 30 Days Validity	RM68 30 Days Validity	RM98 30 Days Validity
300GB High Speed Data - Unlimited Local Calls 30 mins IDD Calls (Bangladesh)	300GB High Speed Data (Unlimited 1Mbps) - Unlimited Local Calls 10 Local SMS	300GB High Speed Data - Unlimited Local Calls 3GB Roaming Data (US, SG, TH)	300GB High Speed Data - Unlimited Local Calls 3GB Roaming Data (US, SG, TH)	990GB High Speed Data - Unlimited Local Calls 3GB Roaming Data (US, SG, TH)
View Details *Fair Usage Policy @ 1000 Pbps	View Details *High Speed Internet can be carried forward *Fair Usage Policy @ 1000 Pbps	View Details *High Speed Internet can be carried forward *Three Roaming Data (Indonesia, Singapore and Thailand) *Fair Usage Policy @ 1000 Pbps	View Details *High Speed Internet can be carried forward *Three Roaming Data (Indonesia, Singapore and Thailand) *Fair Usage Policy @ 1000 Pbps	View Details *High Speed Internet can be carried forward *Three Roaming Data (Indonesia, Singapore and Thailand) *Fair Usage Policy @ 1000 Pbps

Source: Eastel

CMLINK Prepaid Plans

40GB	200GB	350GB	Unlimited
RM25 /mth	RM35 /mth	RM50 /mth	RM100 /mth
40GB Malaysia local data - Unlimited Malaysia call mins - Plan switch flexibility	200GB Malaysia local data - Unlimited Malaysia call mins 5GB Mainland China roaming data	350GB Malaysia local data 100GB Mainland China roaming data 40 mins from local to Mainland China 30 mins Mainland China roaming voice	- Unlimited Malaysia local data 20GB Mainland China roaming data 400 mins from local to Mainland China 30 mins Mainland China roaming voice
Plan Details Buy now	Plan Details Buy now	Plan Details Buy now	Plan Details Buy now

Source: CMLINK

Competitive Prepaid Plans Within Malaysia's Telco Market

	CMLINK 200GB	Eastel EZ35	Hotlink Unlimited 40	CelcomDigi Prepaid 5G Power 35
Fee	RM35	RM35	RM40	RM35
Data Quota	200GB	200GB	Unlimited	Unlimited
Speed	N/A	N/A	200GB Uncapped (8pm-8am)	100GB FUP @ 18Mbps
Calls	Unlimited	Unlimited	Unlimited	Unlimited
Hotspot Quota	200GB	100GB	Unlimited	Unlimited
Features	5GB Mainland China roaming data	10 local SMS		
Validity	30 days	30 days	30 days	30 days

FUP = fair usage policy

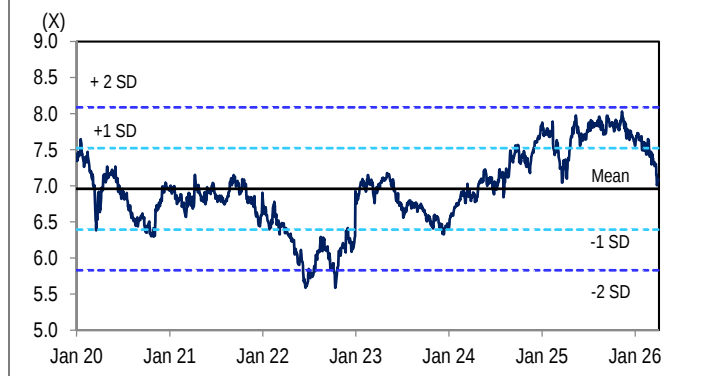
Source: CMLINK, Eastel, Maxis, CelcomDigi, UOB Kay Hian

Sector Catalyst/Risk

- TM and DNB remain at an impasse.** DNB has refused TM's bid to terminate its existing 5G wholesale access agreement with DNB (which runs until Oct 32). We expect both parties to go for an arbitration exercise with Malaysian Communications and Multimedia Commission (MCMC) to resolve the impasse. To recap, TM had announced the termination of its 5G wholesale agreement with DNB, along with the signing of a new 5G arrangement with U Mobile in Feb 26. We understand that the agreement with U Mobile is structured on a pay-per-use basis and may lead to cost savings of RM100m annually. That said, TM is expected to recognise a one-off RM127.3m provision in 2026, relating to unutilised prepaid capacity from its previous agreement with DNB. Overall, the disputed termination remains subject to approval from the MCMC.

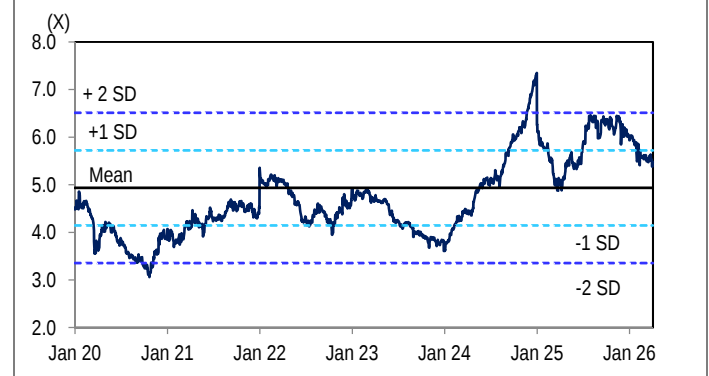
EV/EBITDA Band

Telco Sector



Source: Bloomberg, UOB Kay Hian

Axiata



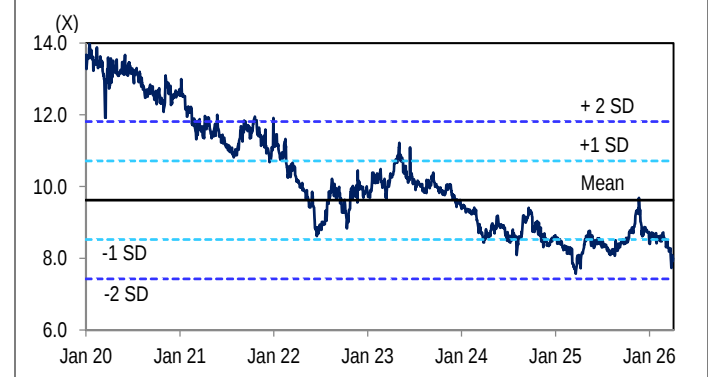
Source: Bloomberg, UOB Kay Hian

CelcomDigi



Source: Bloomberg, UOB Kay Hian

Maxis



Source: Bloomberg, UOB Kay Hian

Telekom Malaysia



Source: Bloomberg, UOB Kay Hian

TIME dotCom



Source: Bloomberg, UOB Kay Hian

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